

## ABSTRACT

A method of placing a discrete value on an intellectual property asset through a series of associations and calculations that determine the proportional contribution of an intellectual property asset to the competitive advantage of a related product in a real market. The methodology of the present invention first associates the intellectual property asset with a related tangible asset that embodies the intellectual property asset. After a set of parameters that define the tangible asset are identified, the tangible asset is quantitatively compared to competing tangible assets in the marketplace to determine its overall competitive advantage relative to those competing assets. The contribution of the intellectual property asset to the average competitive advantage of the tangible asset in which it is embodied is calculated by first comparing the intellectual property asset to substitute intellectual property assets that are embodied in competing tangible assets and associated with the same parameter. Next, the intellectual property asset is compared to complementary intellectual property assets that are included in the same tangible asset and associated with the same parameter group. Based upon the proportional competitive advantage contribution of the intellectual property asset to the average competitive advantage of the tangible asset, a percentage of the tangible asset's present value is assigned to the intellectual property asset. The present invention can also be used for planning development of pre-market products, calculating the value of a license to a licensor and licensee, and selecting among alternative research and development investments.